

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-11 H-01 INR-10 INT-05
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FM AMEMBASSY ABIDJAN
TO SECSTATE WASHDC 7764

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E.O. 11652: N/A
TAGS: EALR, IV, ENRG
SUBJECT: FURTHER ON IVORY COAST'S PETROLEUM FIND

REF: A. 77 ABIDJAN 10277; B. ABIDJAN 002

1. BEGIN UNCLASSIFIED

THE EMBASSY HAS RECEIVED FURTHER DETAILS FROM
ESSO EXPLORATION ON THE BELIER OIL DEPOSIT
DISCOVERED 15 KILOMETERS OFF GRAND BASSAM
(APPROXIMATELY 50 KM FROM ABIDJAN) AT A DEPTH
OF 150 TO 200 FEET. IT WILL BE EXPLOITED BY
THE ESSO/SHELL CONSORTIUM WITH PRODUCTION
EXPECTED TO BEGIN IN 1980. ESSO EXPLORATION
STRESSES THAT THE FOLLOWING NUMBERS ARE
PRELIMINARY ESTIMATES ONLY.

2. THERE ARE AN ESTIMATED 70 MILLION BARRELS
OF OIL IN PLACE IN THE DEPOSIT. RECOVERABLE
RESERVES ARE ESTIMATED AT 11 MILLION BARRELS
ALTHOUGH THIS FIGURE MAY LATER BE INCREASED
IF IT PROVES FEASIBLE TO INJECT WATER. PEAK PRODUCTION
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OF 8,000 BARRELS A DAY SHOULD BE ATTAINED FOR ABOUT
12 MONTHS IN 1982-83. EIGHT THOUSAND BARRELS A DAY
(APPROXIMATELY 400,000 MT/YEAR) WOULD EQUAL APPROXIMATELY
25 PERCENT OF PRESENT DOMESTIC CRUDE REQUIREMENTS. THE
DEPOSIT IS EXPECTED TO PRODUCE FOR TEN TO ELEVEN YEARS.
THERE ARE APPROXIMATELY 12 BILLION CUBIC FEET OF GAS IN
THE DEPOSIT WHICH WILL ALSO BE EXPLOITED COMMERCIALY.

HOWEVER, MUCH OF THE GAS WILL BE USED IN PRODUCING THE OIL.

3. THE ESSO/SHELL AND THE PHILLIPS/AGIP/PETROCI (IVORIAN NATIONAL OIL COMPANY) CONSORTIUMS ARE CONTINUING ACTIVE EXPLORATION PROGRAMS. ESSO/SHELL IS NOW DRILLING ITS EIGHTEENTH HOLE SINCE IT BEGAN DRILLING IN 1972.

END UNCLASSIFIED

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4. IN CONVERSATION WITH AMBASSADOR, ESSO EXPLORATION PRESIDENT PATTERSON REITERATED THAT THIS FIND IS SO SMALL AS ONLY BARELY TO JUSTIFY EXPLOITATION. PROXIMITY TO ABIDJAN AND RELATIVELY SHALLOW WATER WILL HELP KEEP EXPLOITATION COSTS LOW. EVEN SO, ESSO WOULD HAVE PREFERRED TO DELAY ITS DECISION, AND AGREED LAST OCTOBER TO EXPLOIT THE DEPOSIT ONLY UNDER HEAVY IVORIAN PRESSURE. DECISION ALSO MOTIVATED BY DESIRE TO HOLD CONCESSIONS FOR FURTHER EXPLORATION, ALTHOUGH, OTHER THAN THIS FIND, RESULTS OF EXPLORATIONS HAD BEEN DISAPPOINTING.

5. ESSO HAS ALSO EMPHASIZED TO GOIC THE MODEST SIZE OF THIS DEPOSIT. PRESIDENT HOUPHOUET AND MINISTER OF LIMITED OFFICIAL USE

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ECONOMY, FINANCE AND PLAN KONE HAVE BEEN AT PAINS TO STRESS THAT OIL DISCOVERY WILL NOT "TURN THEIR HEADS" AND THAT IVORY COAST'S DEVELOPMENT WILL CONTINUE TO BE BASED PRIMARILY ON AGRICULTURE. NEVERTHELESS, THE ESSO ANNOUNCEMENT, ACCOMPANIED BY PRESS AND TELEVISION COVERAGE OF HOUPHOUET'S CELEBRATION OF THE EVENT WITH HIS "FIRST AND LAST" GLASS OF CHAMPAGNE, HAS TENDED TO OVERSHADOW THESE CAUTIONARY STATEMENTS. THE IVORY COAST'S ECONOMIC LEADERSHIP WILL HAVE TO GUARD AGAINST THE KIND OF EUPHORIA WHICH COULD LEAD TO ACCELERATION OF A RATE OF SPENDING AND BORROWING BY THE GOIC WHICH MANY OBSERVERS ALREADY CONSIDER EXCESSIVE.
STEARNS

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